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Somersby: A Communication Strategy to Reach Young Consumers

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ABSTRACT

The company selected to serve as a background for this marketing case study was Unicer. Following the case there is a teaching note that provides useful theory for a better understanding of the case, along with suggested questions to be discussed by students when analyzing it.

Unicer is the largest Portuguese soft drinks company with a multi-brand, multi-market strategy with its main operations in the beer and bottled water businesses. Throughout the years, the firm had developed a huge portfolio of well-known brands. In 2011 the company was presented with the challenge of recruiting young adults customers.

Somersby, a Carlsberg Group brand of cider was the product chosen to approach the defined target. The first couple of years had questionable results, although a high potential for the brand was identified too. In this way, in 2013, faced with the possibility of internalizing the production of this beverage, a strong communication strategy needed to be employed, as measurable results were required. Hence the brand had to choose between continuing to use event marketing or to switch for a mass media approach, namely to introduce advertisement in TV.

The case presents the Portuguese market environment for Somersby, its target consumers, as well as its main competitors. Further it allows students to become familiar with market and competition analysis, and illustrates the above and below the line set of options. After this, they are challenged to identify the best strategic approach, both in qualitative and quantitative terms, given the costs and reach associated with each alternative.

RESUMO

Unicer foi a empresa escolhida para servir de base ao desenvolvimento deste estudo de caso na área de marketing. O caso é seguido de uma nota pedagógica que disponibiliza alguma teoria relevante para uma melhor compreensão do caso, bem como questões sugeridas para serem alvo de discussão pelos alunos quando da análise do mesmo.

A Unicer é a maior empresa portuguesa de bebidas, com uma estratégia multimarca e multimercado, cuja actividade assenta nos negócios de cervejas e de águas engarrafadas. Ao longo dos anos, esta firma desenvolveu um enorme portfolio de marcas reconhecidas. Em 2011, a empresa deparou-se com o desafio de angariar clientes jovens adultos.

Somersby, uma marca de sidra do Grupo Carlsberg foi o produto escolhido para abordar o target definido. Os primeiros dois anos mostraram resultados incertos apesar de ter sido claro o elevado potencial da marca. Deste modo, em 2013, e perante a possibilidade de internalizar a produção, era necessário implementar uma forte estratégia de comunicação que permitisse resultados mensuráveis. Assim, a marca tinha de escolher entre continuar a apostar em marketing de eventos, ou mudar para uma abordagem que incluísse media, nomeadamente introduzir um anúncio em televisão.

O caso apresenta o mercado português para a Somersby, o target da marca, bem como os principais concorrentes. Adicionalmente permite aos alunos familiarizarem-se com análises de mercado e concorrência e ilustra as opções de *above* e *below the line*. Após isto, serão desafiados a identificar em termos qualitativos e quantitativos a melhor opção estratégica, tendo em conta custos e a taxa de penetração associados a cada alternativa.

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INTRODUCTION

This master thesis aims to develop a case study in marketing, using for this purpose a real case from a Portuguese based company that has faced an interesting marketing problem. This case is followed by a teaching note that should be used as pedagogical tool for both undergraduate and graduate programs. Unicer was the company chosen to serve as background for this case study and the marketing dilemma will be regarding communication techniques.

Unicer is the largest Portuguese soft drinks company with a multi-brand, multi-market strategy with its main operations in the beer and bottled water businesses. Throughout the years the firm had developed a huge portfolio of well-known brands. In 2011 the company was presented with the challenge of recruiting young adults customers. In this way Somersby, a cider's brand from Carlsberg Group product portfolio, was introduced in the Portuguese market. As the brand was in its early ages, a low communication budget was given to invest on it. The first couple of years had questionable results, although a high potential for the brand was identified. In this way in 2013, faced with the possibility of internalizing the production of this beverage, a strong communication strategy needed to be employed, as measurable results were required. Hence the brand had to choose between continuing to use below the line communication techniques or to switch to an above the line approach.

This master thesis is composed of two sections: the case study and the teaching note. In the first one the marketing dilemma is presented along with a description of the company, brand and product. Students are also given details about the market, target consumers, moment of consumption, Somersby's competitors and the proposed communication strategies for the brand. The teaching note includes the synopsis, suggested assignment questions, teaching objectives, use of the case, some relevant theory, class analysis and discussion of the questions proposed as well as what happened in reality. The two sections should allow students to improve their knowledge in terms of communication strategy by learning the approaches and possible results of different types of communication. Further students should acquire more knowledge on market and competition analysis, product portfolio strategy and communication measurement tools. This dissertation will give the instructors the opportunity to cover the topics mentioned above while presenting them with a true business case. They should conduct class discussion and guide students during the case study analysis in order to make the most of the study of this case.

CASE STUDY:

Somersby: A Communication Strategy to Reach Young Consumers

Introduction

Afonso Campos was trying to reach home after an exhausting working day, but the traffic was chaotic due to an accident in one of Porto's main roads. While seating in his car, the current Marketing Senior Vice President responsible for Somersby, waters and soft drinks, could only think about the meeting he just had with his boss, the Marketing Executive Vice President of Unicer.

It was a long discussion, focused on the future of Somersby within Unicer's portfolio. In the last 2 years, the brand had proven to be promising in the Portuguese market, however the available budget for communication was still very short and the goals for 2013 were highly ambitious. [Exhibit 1]

The board was now analysing the possibility of internalizing the production of Somersby. For this purpose they needed to boost sales in order to attain 900.000 of litters sold in 2013. This number represented 0,2% of the total Portuguese bear consumption of the previous year, and was already a challenging value. The Marketing Executive Vice President of Unicer was aware that in order to reach those values it was essential to adopt an advertising approach that would enable the brand to continue gaining notoriety and to increase the number of Somersby consumers.

A couple of years had already passed since the drink had been introduced in the market and the board of directors was now asking for measurable results, which forced Campos to make a decision that would shape the future of the brand, regarding the communication approach of the brand for 2013: whether to continue using below the line advertisement such as event marketing, social media and tasting actions, or to start investing in above the line marketing, meaning mass media such as TV and radio.

In 2011, Campos's team had chosen an alternative tactic for the launching of Somersby. The normal approach would have been to start by educating the consumer, telling him the product frame of reference, attributes, category, etc. and to base the communication on the product itself, showing images and introducing it to the public. But Somersby was introduced in the market in a less common way. First the values of the brand were transmitted

in order to build a personality of this product in consumers' minds. The process was done backwards, and never in any situation was the category "cider" mentioned. This was done in order to prevent the entry in a niche category in Portugal that was the cider market whose consumers were mainly tourists. Instead, the company decided to create a new category: Somersby.

This strategy was proven to be successful for both 2011 and 2012. By using extremely segmented below the line advertisement such as special events, the brand created a sense of exclusivity around its product. An unexpected wave of positive word of mouth appeared, giving the brand a non-commercial character wanted by everybody.

This became the image of Somersby and now Afonso needed to decide whether to maintain this approach or switch for one that could possibly be easily measurable and perhaps reach its target in a more direct way. He was now looking outside of his car's window into the slow moving traffic and thinking that this decision, with all that it meant, had to be done quickly, as the meeting with the board was in one week.

Unicer's History

Unicer was founded in 1890 under the name *Companhia União Fabril Portuguesa das Fábricas de Cerveja e Bebidas Refrigerantes Lda*. Initially the company was the result of the merger of seven breweries, six in Porto and one in Ponte da Barca. Since its foundation, Unicer has come to a long way, always closely linked to the Portuguese culture and to Porto's history.

On June of 1977, two public companies for the brewing industry were created according to the Council of Ministers' decision. In this way, CUPF, Copeja (1972) and Imperial (1973) underwent a merger, creating Unicer – União Cervejeira E.P. This nationalized company remained under public ownership until June of 1990, when it was totally privatized.

Starting with negative equity and a market share for domestic beer of 33%, the company achieved leadership in the sector with a share of 59% and a prominent position in the Portuguese market within the next few years.

In 2001 the company was renamed Unicer – Bebidas de Portugal, S.A. This changed aimed to leave behind the idea of a beer company with additional activities in other segments of the beverage market, and to position it as a beverage company.

In 2006, with the entry of Dr. António Pires de Lima for the CEO position, Unicer began a new era in its history. The company strategic guidelines are towards a culture of results, a renewed focus on the beer and packaged water business, and simplification of the Company's organizational structure, allowing it to be more efficient and profitable. The company aimed to update its sales and marketing skills and also invest in international performance.



Figure 1: Chronology of Unicer's history

Source: Unicer's institutional website

Current Market Position & Products

Currently, Unicer is the largest Portuguese soft drinks company with a multi-brand, multi-market strategy with its main operations in the beer and bottled water businesses. The firm has a huge portfolio of well-known brands such as Super Bock, Carlsberg, Água das Pedras, Vitalis, Caramulo, etc. The company is also present in the segments of soft drinks and wines with brands like Frutea, Guaraná, Frisumo, Vini, Porta Nova, Quinta do Minho, Planura, etc. Further, Unicer also manages the production and marketing of malt originated from Parque de Vidago and Parque de Pedras, which are Portuguese tourist resorts also under the control of the company.

With approximately 1,500 employees, Unicer is present all over the country, with 10 units, including centers that produce beer, juices and soft drinks, and wine; water collection and bottling centers; sales and operations.

Unicer's image in the market is associated with continuous innovation and people management, rooted in the quality the company puts into the brands it sells and the services it provides.

The majority of Unicer's capital is Portuguese-owned, 56% being held by VIACER Group (BPI, Arsopi and Violas) and 44% by the Carlsberg Group. The company is proud to say that it is the only independent big brewery in Portugal.

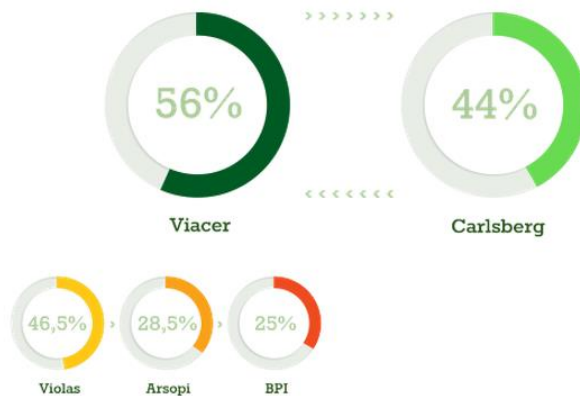


Figure 2: Unicer's Organizational Structure

Source: Unicer's institutional website

Carlsberg - Brief Introduction to the Group

The Carlsberg Group was born in 1847 with the ultimate goal of producing beer of the highest quality. This family-owned company worked on an innovative process of beer production that was proven to be a success and lead the company to start exporting in 1868. Until this day, the family group is still strongly dedicated to quality and continuously works to improve its products, services and people. It has become an international well-known company. Currently, Carlsberg has an enormous portfolio of brands that allows the group to cover all market segments in several countries. Examples of the group brands are Kronenbourg, Baltika, Jacobsen, Tuborg, etc.

Cider

This beverage dates from years before Christ. It is said that both Egyptians (3.000 BC) and Greeks (600 BC) were big fans of this drink. Some believe that Celts (800 BC) created cider by extracting it from apples and were responsible for its diffusion all over the Europe.

Cider is a fermented alcoholic beverage made from the unfiltered juice of apples. Its alcoholic content varies from 1,2% to 8,5%.

This beverage was always a product of great tradition in Europe, France – which is the main producer in our days – United Kingdom, Belgium and Germany. Further, it was taken to America by the Europeans in the 18th century. Students from Harvard Business School made it part of their diet by daily consuming it. This product had a good image and was frequently drunk in all kinds of celebrations.

There are different types of cider according to countries and regions. In France and Spain the most common type is called “Natural Cider” which production process starts with the cultivation of the apples. There, cider is considered as part of the gastronomy. In Great Britain and North America the variety of this beverage is bigger: from ciders with honey to draft; the most famous and sold one that has about 6% of alcohol. The consumption of this product in Scandinavia has grown recently too. They have cider in different flavors, classic and dry, low sugar cider and cider without alcohol.

Looking to worldwide values, there is a clear pattern of growth both in terms of volume and value regarding cider consumption. [Exhibit 2]

Like what was the case in most of other European countries, the beverage was brought to Portugal by the Celts and was part of the Atlantic diet. Traditionally this drink was produced in the north but nowadays, there are only few small home-made productions, mainly in the Minho region where they still drink cider in some popular local festivities.

In Portugal, the tradition of drinking cider has been disappearing throughout the years. In 2006, Unicer made an attempt to recover this drinking trend by launching Decider. However, the beverage did not possess the necessary attributes to reach its target and conquer any relevant market share: it was a very traditional product; its taste was too acidic and similar to wine. In this way, the product was removed from the market few months after its launching.

Somersby, the beginning

In 2010, Unicer was faced with the challenge of recruiting young adults consumers since the company was not being capable of reaching this target with the existing products, namely their beer. At that time, Afonso Campos, the current Marketing Senior Vice President

responsible for Somersby, was in charge of the wine category. When he heard about this internal objective, he decided to accept the challenge using his team knowledge and skills.

Somersby is a 4,5% alcohol cider, made from fermented apple and with the addition of 15% of juice and natural flavors in order to obtain the perfect taste. The drink was created by the Carlsberg group in 2008. Looking to the portfolio of possible brands, Somersby seemed an interesting product to reach young adults and women. In this way, in the end of 2010 the company did a qualitative market test to infer the possible consumers' interest in the drink.

Since this assessment was proven to be inconclusive, Campos's team decided to test the beverage in real market conditions in 2011. With scarce resources and with the company's eyes on this pilot project, they set a goal of 213.000 liters for that same year which represented 0,04% of the total Portuguese beer production of the previous year.

Unicer had a huge portfolio of brands, and Somersby was not related to the core of the company's business. Which meant the first priority was to gain territory internally: conquer the sales force in order to gain attention from distributors.

The brand was introduced using a "sniper philosophy", meaning that they ambioned to reach only the target market. Hence, the sales team was sent to the point of sales to do brand building. First of all, their goal was to observe the consumers to be able to capture market trends and preferences. They placed merchandising in the selected point of sales but no budget on further communication was allowed. This created the very first hurdle since without prior knowledge of the product, consumers do not ask for it; an incentive to increase consumers' willingness to try must be used.

Giving Somersby a second chance

After the first year of sales, Campos's team successfully met the objective of 213.000 liters of Somersby sold. They also noticed that the target market was responding positively and showing interest for the product. Although all the product mix was appealing, it was a hard year for the brand since huge difficulties were faced in order to persuade consumers, and even points of sale of the viability of this beverage.

So Unicer decided to continue giving a chance to this product, increasing their yearly goal to 450.000 liters, being this 0,08% of the total Portuguese beer production of the previous year. Still, the company didn't assume any strong investment on the brand, calling

2012 its “second chance”. This meant that much like on the previous year, there was a short budget for promotion which made Campos to decide to continue investing it in below the line communication such as point of sales communications, events and tasting actions.

Since Somersby was a Carlsberg brand, the group already had a strong communication message that should be delivered to consumers. Nevertheless, without a budget that could be allocated to different media, it was very difficult for Campos’s team to diffuse this message otherwise.

In 2012, the decision between on trade and off trade needed to be made too. In the previous year, Afonso Campos had decided, along with the company orientation, to distribute Somersby only on trade. The discussion about this subject was proven to be long and hard; however, since this beverage was drunk outside of home and all the brand building was made in the on trade, they decided to keep selling this product in specific points of sales, namely late afternoon and pre-night bars. Further, since the product had previous short investment on communication, consumers were not aware of it so a possible distribution in supermarkets would not work and the product would end by having no rotation at all, and being forgotten by its target population.

Following this line of thought, the brand constructed an extremely segmented policy using specialized sales force. They clearly identified a set of criteria both demographic and psychographic for choosing the points of sale where to be present in order to promote Somersby to its target consumers. The technique here was to apply a very close policy, meaning that the sales force needed to go personally to all the points of sales to present the product, do tasting actions and place some communication materials.

This approach was proven to be of extreme smartness, since the brand was able to sell more than 450.000 liters in 2012 (representing in this way more than 0,08% of the total beer consumption of the previous year), reaching their goal and breathing new life to Somersby.

2013: A Year of Decisions

As Somersby had proven to merit a place in Unicer’s portfolio, 2013 was the year chosen to start investing in this product. Further, it was also the year competitors choose to launch *Radler* - a product that was meant to face Somersby - the urgency in recruiting young consumers was real.

Since its launch in Portugal, in 2011, Somersby was able to create a sense of uniqueness and exclusivity around the brand that was only possible due to the below the line advertisement techniques used by Campos's team.

Somersby was introduced in the market using a very different approach than the traditional in part due to the initial low budget made available by Unicer, in part due to the analysis of the best practices used by the brand in other countries. Usually consumers are told the product frame of reference, category, etc. and then the communication is focused on the product itself, showing images of it and concentrating on its attributes. Here, the values of the brand were transmitted primarily so that consumers built a personality of the product in their minds.

As Unicer wanted in an initial phase to enhance product awareness and image, a fundamental tool to build this concept was event marketing. This type of initiative offers a perfect opportunity for customers to interact with products, and, in this specific case to try them too. Since its introduction in the Portuguese market, the brand had been doing some events to promote the product, namely events in the point of sale like private parties in well-known pubs and bars to increase the sense of exclusivity related to this cider and emphasize the moment of consumption. Although there was a cost associated with these parties, the value could be offset considering the amount of time customers spend interacting with the product and its communication and the possible quantity of positive word of mouth generated. Further, also some promotional materials were put in the selected POS to boost brand awareness among customers.



Figure 4: Somersby merchandising and POS decoration materials

Source: Unicer at *Somersby Launch Case*

Further, since the beginning, Somersby organized thematic tasting actions in the main cities and in areas where the target presence was prone. Making allusion to Lord Somersby and the fantasy environment that surrounded him, the brand hired promoters to dress in an uncommon fantastic way, making allusion to the medieval era and to distribute Somersby for trial. For many consumers this was the first contact with this cider, arousing from the beginning their curiosity about the brand.

At that point, as the brand was growing in terms of notoriety and volume of sales, Unicer felt the need to hire an external communication agency to help in the promotion of Somersby. NOSSA was the agency selected among many others because its “out of the box” line of thoughts and the creative ideas presented immediately conquered Campos’s team. In this way, in terms of below the line advertisement, there was now in the table a proposal to be considered and analyzed by Afonso as so to be implemented in 2013.

The idea was that the brand organizes a big event for the opening of the summer where the moment of consumption should be highlighted by activating the sunny togetherness mood in a relevant and unique way. In conversation with Afonso, the agency responsible, Fernando Henriques, stated that “*the event should be talked about and appealing, gaining a special status as the number one sunset party*”. If this event was ran successfully, it could generate strong positive buzz and relevant content for press release and media. The objective was that the media partnership was able to deliver great value in terms of exposure, the brand should become more popular and better known and liked by the target consumer. In order to do so, key celebrities must attend the party and endorse the brand. Finally for the sake of maintaining the sense of exclusiveness around the brand, only people with invitation should be able to come.

Following the open summer party Somersby should sponsor some major events organized in the country. In order to select the events whether to invest, there was the need for a deep analysis considering important factors that a sponsored event should have. The event selection should be done very carefully since all brand positioning would be constructed within this “public appearance”. Here, the most important was the presence of the target consumers and the emphasis on the moment of consumption. The people attending those events were young adults making it a perfect occasion for Somersby to show the imagination universe around the brand, and to increase trial and consumption of the beverage. After a deep analysis, Meo Out Jazz was proven to be the perfect event to invest in due to its target. Further analysis indicated that Porto Sunday Sessions was a possibility too, and other minor

events such as traditional parties in the rural area were pointed as being viable alternatives too. [Exhibit 3]

In what concerns other forms of below the line advertisement, Somersby should continue to be very close to its consumers by doing actions in the point of sales and organizing parties and events, delivering a sense of exclusivity and creating a very positive image around the brand. Those events should allow the creation of opinion leaders such as bloggers, VIP's or even influent point of sales that would start writing and talking about the product creating in this way a strong stream of spontaneous word of mouth, giving the brand a non-commercial character.

In regards to above the line advertisement, the proposition was to use some outdoor communication in the main cities to increase consumer awareness and to direct them to the POS events organized. The goal was also to use segmented communication in specialized press such as TimeOut, Happy and Vogue since those magazines targeted young adults. The type of message delivered should be related to the brand values and concept, appealing to the "open mindedness" and showing images of Lord Somersby. Apart from increase awareness, the aim of both outdoors and press advertisements was to boost penetration and volume of sales among the target consumers.

Further, there was a proposal about launching a television campaign focused on the target market. Hence, Somersby advertising videos would be shown only on *Fox*, since this television channel was the one considered to be closer to the brand target market. [Exhibit 4] As Somersby was a Carlsberg group brand, Unicer could benefit from its already existing advertising videos at below the market fee, having only to do the voiceover and buy a song license. [Exhibit 5] Following this television campaign a big increase in sales was expected. Further, the fact that this advertisement campaign would be perfectly measurable was a huge advantage in regards to other means of communication.

Now, one week ahead of the board meeting, the communication strategy of the brand needed to be clearly defined so several discussions came out about whether to invest on the television campaign or not. Until that point, the launch of Somersby had been perceived as a test, since there was no real risk associated. But now in order to boost the sales and to allow the brand to gain notoriety, the budget had been increased - which definitely meant a higher risk and higher responsibilities.

And those were the options regarding Somersby communication strategy in the table. As it was true that above the line options were easily measurable, this was a sensitive field since Afonso was convinced that some techniques that use generic messages to build awareness should be less and less used taking into consideration the current world of demanding consumers. On the other hand, the Marketing Senior Vice President responsible for Somersby knew that although the initial below the line approach had been a success, this type of communication was not easily measurable and possibly couldn't be sustained in the long run since the brand would not have an eternal character of novelty associated with it. An above the line very targeted option would be easily measurable and perhaps would allow the brand not to lose its identity as the message delivered would be in line with the previous marketing strategy adopted.

And that was the reason Afonso was now reviewing important aspects about the brand while sited in his BMW. He knew the urgency in making a conscious decision regarding the advertisement approach of the brand for 2013, which should be presented to the board by the end of that week.

A look into the Portuguese market

Back in 2011, when Somersby was launched in Portugal, there were no other ciders in this market. Creating a new category in a market can be expensive and often fruitless, with the pioneer product bearing most of the costs associated, which was not a possibility given Somersby limited budget

In this way, the definition of Somersby's market tends to be a little different from the traditional cider's market definition. When Unicer was faced with the necessity of defining the product market, they asked themselves in which category should this drink be placed. Beers, soft drinks, ready to drinks (RTD) and cocktails were the hypothesis that came out. Hence, the company did a deep analysis to diverse markets taking into consideration the consumption trends.

In this way, a very practical approach was taken. Since the company had a deep knowledge about the Portuguese beer market they first looked at it to infer how many litters were sold annually. They then looked at international benchmarks in the cider market for mature markets vs. markets in early stages in order to understand possible values for the cider

consumption considering the beer market as a base. In this way they were able to infer an approximate penetration rate for this beverage. Further they did benchmarks with other relevant categories such as *sangria* and other ready to drink beverages to validate these values. After having those values it was important to infer number of consumers within the target, considering the total alcoholic beverage consumers. Finally it was necessary to look at the frequency and quantity of the product expected to be usually consumed. Having reached all those values a simple formula needed to be applied in order to have the potential market for Somersby. [Exhibit 6]

The Portuguese Beer Market

In Portugal the consumption of beer had decreased from 620M of liters in 2008 to approximately 493M liters in 2012, which represented a fall of 20,5%. As a consequence, the beer production decreased 2,7% between the referred years. According to the Portuguese companies and brewer's association this was the consequence of the financial crisis that was impacting the macro-economic environment of the country. Further, beer consumers stated that they drank less beer than before due to having less purchasing power. The consumption decrease was relatively larger in Portugal although it was visible within other EU countries too. Along with the fall in the consumption per capita, also the total amount spent by Portuguese in beer decreased from 3.133M of Euros in 2009 to 2.636M of Euros in 2012. [Exhibit 7 and 8]

In order to fight against the downturn, Portuguese brewing companies increased their exports and were forced to develop a set of innovative products in response to changing preferences of its consumers: they launched non-alcoholic beers, flavored mixed beers and ciders.

Ready to Drink Beverages and Cocktails in Portugal

Ready to drink (RTD) beverages are packaged drinks sold in a prepared form, ready for consumption. There are different types of RTD beverages. For this purpose, the type of RDT considered were Alcopops: carbonated alcoholic cocktails that are bottled. Theses flavored malt beverages are the most consumed type of RTD in world, after iced tea. Usually Alcopops can be based on different types of spirits and liquors or flavored beers. In Portugal some examples of those beverages are Smirnoff Ice, Sagres Radler, Bacardi Breezer, etc.

Soft Drinks in Portugal

Between 2009 and 2012, the consumption of sodas in the Portuguese market registered a fall of 17,6% in regards to carbonated soft drinks and 36% in what concerns non-carbonated soft drinks. In total, 467,5 M of liters of soft drinks were consumed in 2012. These numbers placed this category as the second most drunk among non-alcoholic beverages, losing points only for the bottled water that registered 1291 M of liters consumed in 2012 [Exhibit 9].

Hence, since Somersby has an alcoholic content, the possibility of integrating the beverage in the soft drinks market was remote, being other markets preferred due to presenting more similarities with the product characteristics and target.

After analyzing all the possibilities, and knowing that those markets would always exercise some influence on Somersby, the category that seemed more adequate out was RTD beverages and cocktails (such as *Caipirinhas*, *sangria*, gin, energy drinks, etc.). This decision took into consideration the fact that Unicer didn't want to decrease the beer market share as so not to harm its major brand: Super Bock. Nevertheless, this RTD was a stagnated category in Portugal meaning that Unicer could not look at it separately; instead a deeper look into all categories mentioned was necessary to be able to have a broader vision about the competitive set.

Young Adults: a Growing Challenge

Millennials are Somersby target market. This segment is defined as men and women aged between 18 and 35 years old. More specifically in this case we are talking about young professionals willing to pay a premium price for a cider, instead of buying a beer, a glass of wine or a RDT beverage. This consumer group has traditionally been a core consumer of beer but has, in the last few years, been consuming more spirits¹.

This target is considered to be extremely difficult to reach since those people are exposed to several stimuli and have very high standards of exigency. Further, the market gives them a wide range of products to satisfy their needs.

¹ Nielson, 2012, *Small Cider Category Poised For Big Growth*, viewed 11 November 2014, < viewed 11 November 2014, >

In what concerns means of advertising, *Millennials* favor online blogs and in-store tasting while other generations tends to prefer TV and printed ads².

A growing trend in consumers' behaviors

Although beverage preference vary among consumers by generation, it is a fact that young adults over 21 love to relax and unwind with a delicious drink.³

Within the last 10 years, beer has lost some its off-premise market share to both wine and spirits when it comes to young customers. Further, beer constitutes a low share of throat among female consumers. Those *Millennials* are active beer buyers and recently shown an increasing preference towards premium brands, such as craft beer, for example. Moreover, this age group tends to drink beer in a social setting while older generations consume it more towards sporadic holiday occasions.

In regards to spirits, young adults tend to drink it for social reasons unlike older generations. They prefer stylish products with delicious and smooth taste⁴ as this aspect seems to be a key factor encouraging younger consumers to pay more for an alcoholic beverage. [Exhibit 10]

² Nielsen 2011 *Generations On Tap: Beverage Alcohol Purchase Vary By Age Group*, viewed 11 November 2014, < <http://www.nielsen.com/us/en/insights/news/2014/generations-on-tap-beverage-alcohol-purchases-vary-by-age-group.html>>

³ Ibid

⁴ Ibid

Cocktails	Beers
Point of Sale theater	Little Serve theater
Sweeter taste	Bitter taste
New and exciting	Background brands / wallpaper
Appeal on “CO-ED” occasions	Male dominated occasions
Taste can be customized	Lack of flavor innovation and variety
Innovation that push boundaries	One size-fits-all taste

Table 1: Cocktails better meet the preferences of younger drinkers

Source: Datamonitor Consumer Survey, May/June 2011, Base: drinkers aged LDA-24, provided by Unicer at *Somersby Launch Case*

Considering young adults, encouraging experimentation in alcohol with flavor and mixes seems to be key appealing with 56% of people aged between 18 and 21 saying they agree or strongly agree with enjoying experimenting different alcohol beverage flavors and mixes. Also 41% of young aged between 21 and 24 stated the same. [Exhibit 11]

Further, it is proven that there is a clear consumer need for products that have around 5% of alcohol volume, are packaged in single served bottles, are sweet and easy to drink, refreshing and affordable.⁵

In this way, there was a clear potential for Somersby to be launched in coffee shops, terraces and pre night bars since those were the places in vogue for the target consumers. This beverage should be consumed outside of the home when socializing with friends. The perfect occasion for drinking Somersby should be late afternoon, after-work, as a distressing moment with friends. The beverage should promote socializing and transmit the idea of getting the most of life, enjoying every moment with friends.

⁵CANADEAN 2013, *International Cider Overview/ Trends*, provided by Unicer at *Somersby Launch Case*.

The Universe of Somersby's competitors

In Portugal, Unicer has a big competitor operating mainly in the beer sector: *Sociedade Central de Cervejas* (from now on referred as SCC). This company is 100% owned by Heineken and its activity is focused on four business areas: internal market, export, waters and soft drinks. The core business of this enterprise is the production and commercialization of malt and beer, with special attention given to Sagres, the direct competitor of Unicer's beer, Super Bock. Further, SCC also produces international beers such as Heineken, Guinness or Desperados. The company owns an industrial unit where they capture and bottle mineral and spring waters such as Luso and Cruzeiro. The Luso Thermal Spa is also propriety of their business as well as the distribution company Novadis. In terms of soft drinks SCC is responsible for LusoFruta and Luso Tea, and more recently, the company has launched Royal Club.

When Somersby was introduced in the market, in 2011, it was the only brand of cider in Portugal. However, since this beverage was not defined as a cider but instead the brand positioned it as a light, refreshing drink to be consumed with friends in moments of happiness and socialization, we need to consider that its competitors are more than just cider brands.

Therefore, when SCC launched Sagres Radler in 2013 it was definitely seen as a threat to Unicer's brand. Radler is inspired on a Bavarian recipe that puts together Sagres and lemon juice, creating a refreshing drink with low alcohol content (2%). Further they decided to put in the market a variant of Radler, maintaining all the characteristics of the product but with 0% alcohol content. Sagres Radler is sold in packs of four or six bottles of 33cl in the off trade and in bottles of 33 cl in the on trade.

SCC is investing in promoting Sagres Radler through marketing campaigns and sampling sessions in supermarkets across the country. As the target of this beer are young adults, the company is trying to reach them under the motto "Os Novos do Restelo"⁶, exalting all the innovative projects that have been contributing to a renewed freshness in Portugal. They position the product as an innovative beer that will add a new perspective to the beer, reinventing and transforming situations seen as traditional and familiar into something modern, innovative and exciting, contributing with a renewed freshness.

⁶ "Os Novos do Restelo" means the young people from Restelo (a place in Lisbon, Portugal). The brand decided to use this expression in a clear reference to the well-known "Velho do Restelo" (the old people from Restelo), a character created by Luís de Camões in his poetry *Lusíadas*. The "Velho do Restelo" symbolized the pessimist, conservative and reactionaries who did not believed in the success of the Portuguese discoveries.

Finally it is important to state that all global beer players worldwide are investing in cider to get a share of this growing category. Heineken is present in this market with the two cider referred above, Sab Miller has Crispin and New Zealand. Further also AB InBev, the Belgium-Brazilian multinational launched in May 2012 both Stella Cider and Michelob Ultra-Light.

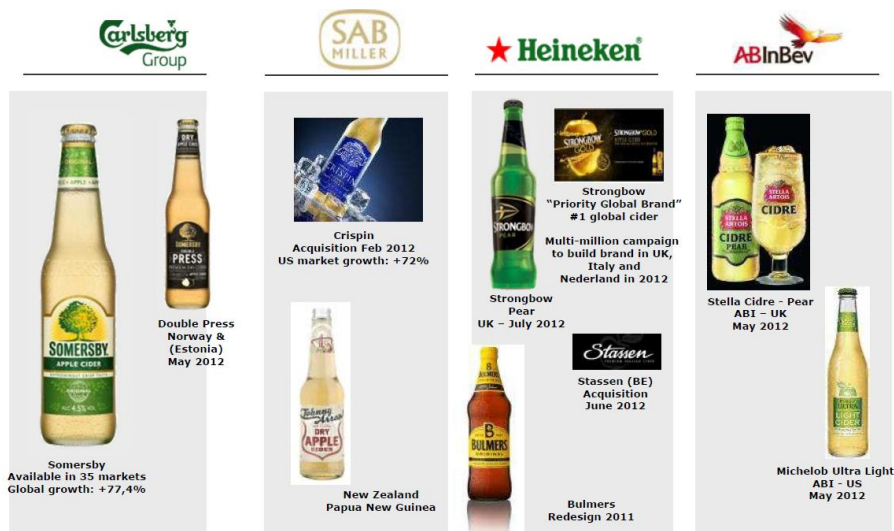


Figure 5: Global beer players in the Cider market

Source: Unicer at *Somersby Launch Case*

Appendixes

Exhibit 1: Values for Somersby Business Case

Unit: '000 Euros

Método do Free Cash Flow	2011	2012	2013	2014	2015	2016	2017	2018 - Perpetuity
Volume of Sales ('000 L)	213	450	900	1 300	1 500	1 500	1 500	1 700
Gross Sales	513	1 063	2 346	3 467	4 236	4 363	4 494	5 280
Tax Deduction	241	482	1 133	1 730	2 221	2 374	2 522	3 075
Net Sales	272	581	1 213	1 737	2 015	1 989	1 972	2 205
Client Expenditures	1	27	66	93	138	142	146	178
Net Net	271	554	1 147	1 644	1 877	1 847	1 826	2 027
	1,27	1,23	1,27	1,26	1,25	1,23	1,22	1,19
Sales variable Costs	144	298	469	693	847	873	899	1 056
Production fixed costs								
Gross Profit	127	256	678	951	1 030	974	927	971
Gross Profit Eur/L	0,59	0,57	0,75	0,73	0,69	0,65	0,62	0,57
Marketing Expenditures	200	350	400	450	550	500	500	400
Distribution Expenditures	30	52	81	117	135	135	135	152
Sales Expenditures		20						
Administrative Expenditures	0	25	25	50	50	50	50	50
EBITDA	- 103	- 191	172	334	295	289	242	369
EBITDA Eur/L	-0,38	-0,34	0,15	0,20	0,16	0,16	0,13	0,18
Depreciation and Provisions	13	5	25	31	38	44	48	51
EBIT	- 115	- 196	147	303	258	245	195	318
Taxes without EBIT	- 32	- 54	40	83	71	67	53	88
Sub-Total	- 84	- 142	107	219	187	178	141	231
Cash-Flow	- 71	- 137	132	251	224	222	189	281
Investment in Working Capital								
Investment in Tangible Fixed Assets	100	50	50	50	50	50	30	25
Residual Value								
Free Cash Flow	- 171	- 187	82	201	174	172	159	256
Current Net Value								294
Perpetuity								3 773
TIR								30,6%
Pay Back								4, 43

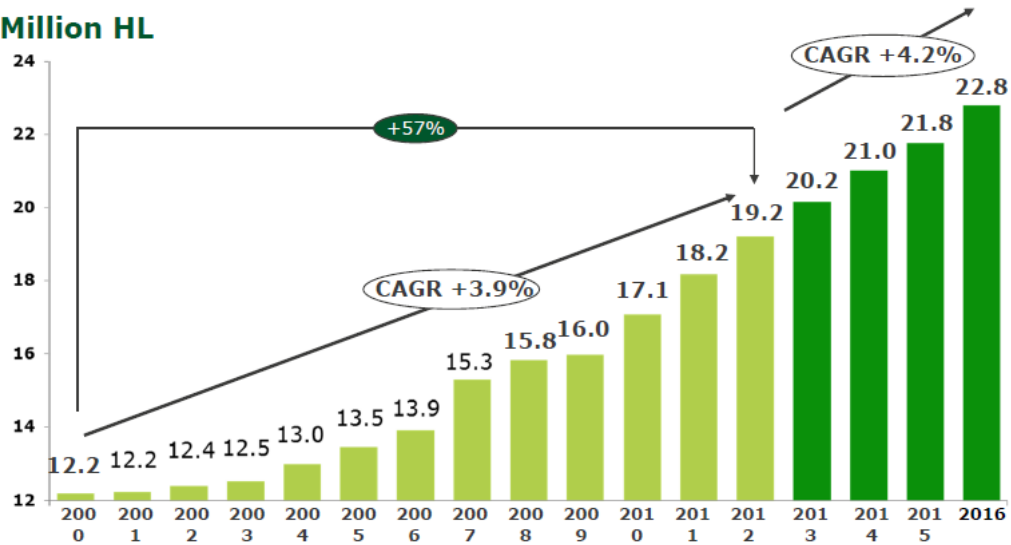
Note: In incremental analysis projects, the Cash Flow Items can be presented in a differential perspective

Source: Unicer.

Exhibit 2: Cider Growth Global

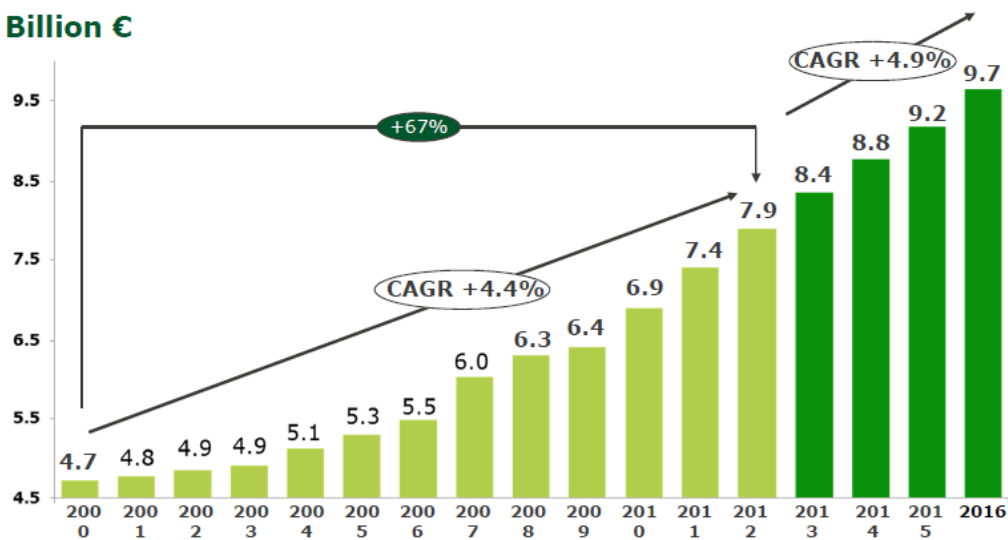
a) Volume

Million HL



a) Value

Billion €



Source: Datamonitor, February 2013 provided by Unicer at Somersby Launch Case

Exhibit 3: Somersby' Events Planned and associated costs (2013)

a) Events planned (2013)

Event	Date	Visibility (materials)	Perfect Serve	#People (Impact)	Volume Total Somersby 2013	Type of event (music)
Somersby Sunreal	21st June	counters, lounge area, tasting, Storytailors, Da Chicks, Mary B/cocktails Somersby	yes	700	962	Alternative
Time Out Aniversário OPO	5th April	counters, lounge area, tasting, Video Mapping	yes	1.500	240	Alternative
Time Out Porto LX	27th September	counters, lounge area, tasting, Grafiti	yes	4.500	480	Alternative
Time Out Sto. António	7th June	counters, lounge area, tasting, <i>Arco Santo Antonio</i>	yes	1.500	540	Popular
Porto Sunday Sessions	7th June	"carriage Somersby"	yes	nd	690	Ecletic
Outjazz	1st May - 30th September	"carriage Somersby"	yes	94.900	7.290	Ecletic
Sudoeste	7th - 11th August	stands	no	150.000	8.166	Electronic - DJ
Paredes de Coura	14th - 17th August	ACR and lounge area Somersby	no	100.000	4.560	Alternative
Mares Vivas	18th - 20th June	ACR and lounge area Somersby	no	75.000	2.250	Light Rock
Super Bock Super Rock	17th- 20th July	stands and lounge area Somersby	Only in the VIP Area	85.000	4.279	Rock
Festival MED	28th -29th June	counter tasting Somersby + strips + banners	no	nd	960	Alternative
Entre Muralhas	23rd - 25th August	ACR + lounge area Somersby	no	2.400	240	Metal
RFM Beach Party	7th July	ACR + lounge area Somersby	no	25.000	900	Electronic - DJ
Milhões em Festa	25th - 28th August	counter Somersby	yes	12.000	625	Alternative
Serralves	8th June	ACR	no	80.000	492	Alternative
Optimus Primavera Sounds	May / June	ACR and lounge area Somersby	no	75.000	2.820	Indie/ Alternative
Nova Era Beach Party	6th July	ACR + lounge area Somersby	no	15.000	330	Electronic - DJ
Pedrogão Summer Fest	29th- 31st August	ACR + lounge area Somersby	no	10.000	360	Electronic - DJ
Surf at Night	12th - 14th August	ACR + lounge area Somersby	no	10.000	540	Reggae
Feiras Novas Ponte de Lima	7th - 9th September	stand em Madeira Somersby	yes	600.000	4.044	Popular party
Ai as Cruzes	28th April - 5th May	counter + Insuflavel Somersby	yes	500.000	523	Popular party
Festival Musicas Mundo Sines	18th - 20th June	counter Somersby Sunreal Madeira	no	100.000	1.284	Alternative / world songs
Festival do Crato	28th- 31st August	counter + Inflating Somersby	no	52.000	1.170	Alternative /light Songs

Source: Unicer

n.d: data not available

b) Estimative Costs Associated with the Events (2013)

Type of Cost	Value
Cost of lounge materials & installations approximate per event	300
Cost ACR	100
Extra cost for miles	100
Cost per barrel of 30lt	15

Merchandising (total cost)	5.000
----------------------------	-------

Events with sponsorship cost

Event	Value of Sponsorship
Somersby Sunreal	50.000
Time Out Aniversário OPO	25.000
Time Out Porto LX	
Time Out Sto. António	
Porto Sunday Sessions	20.000
Outjazz	100.000
RFM Beach Party	4.000

Other Relevant Information	
liters per occasion of consumption	0,15

Source: Unicer

Exhibit 4: TV Advertisement Information (2013)

a) Prices (2013)

Values in Euros

Schedule	5"	6"	8"	10"	15"	20"	25"	30"	35"	40"	45"	50"	55"	60"
02:00 - 03:00	125	142	178	210	283	328	352	363	474	579	708	821	930	1.054
03:00 - 08:00	27	31	39	46	62	71	77	79	103	126	154	179	203	230
08:00 - 10:00	27	31	39	46	62	71	77	79	103	126	154	179	203	230
10:00 - 13:00	40	46	57	68	91	106	113	117	153	187	228	265	300	340
13:00 - 18:00	87	99	124	146	196	228	244	252	330	403	492	570	646	733
18:00 - 21:00	222	253	316	373	502	583	624	644	842	1.029	1.257	1.458	1.652	1.872
21:00 - 24:00	353	401	502	592	798	926	992	1.024	1.338	1.635	1.998	2.317	2.626	2.975
00:00 - 01:00	265	301	376	444	598	694	744	768	1.004	1.226	1.499	1.738	1.969	2.232
01:00 - 02:00	182	207	259	306	412	478	513	529	691	845	1.032	1.197	1.357	1.537

Source: Case writer based on FOX International Channels

b) Reach per GRP

Reach per GRP for FOX Channel
24%

Source: Unicer

Exhibit 5 – Carlsberg Advertising Movie Costs

Type of Cost	Value
Copyrights	12.000
Voiceover	6.000
Song License	1.000

Source: Unicer

Exhibit 6 – Values for the total cider's market in Portugal (2013)

Data of the Portuguese market

Alcoholic beverage consumers (in M)	3,7
Penetration rate	30%
Frequency of consumption (per month)	3
Volume of consumption per occasion	0,33 cl

Source: AC Nielsen, provided by Unicer at *Somersby Launch Case*

Exhibit 7 - Basic characteristics of the Portuguese brewing sector (2008-2012)

	2008	2009	2010	2011	2012	Δ2008-2012
Total production (in M liters)	820,8	783,3	831,2	829,9	798,6	-2,7%
Brewing Companies (excluding microbreweries)	6	6	6	6	5	-16,7%
Breweries (including microbreweries)	7	7	7	8	9	+28,6%
Microbreweries	0	0	0	1	3	-

Source: Associação Portuguesa dos Produtores de Cerveja, *The Contribution made by Beer to the European Economy*, EY, REGIOPLAN & The Brewers of Europe, 2013, viewed 26 October 2014, <[http://www.ey.com/Publication/vwLUAssets/EY__The_Contribution_made_by_Beer_to_the_European_Economy/\\$FILE/EY-The-Contribution-made-by-Beer-to-the-European-Economy.pdf](http://www.ey.com/Publication/vwLUAssets/EY__The_Contribution_made_by_Beer_to_the_European_Economy/$FILE/EY-The-Contribution-made-by-Beer-to-the-European-Economy.pdf)>

Exhibit 8 – Basic characteristics of the Portuguese beer market (2008-2012)

	2008	2009	2010	2011	2012	Δ2008-2012
Total consumption (in M litres)	620	610	590	532	492,7	-20,5%
Total consumer spending (in M Euros)	2687	3133	3001	2808	2636	-1,9%
Consumption of beer per capital (in litres)	61	60	59	53	49	-19,7%
Beer consumption on-trade	70%	70%	69%	69%	67,5%	-2,5%
Beer Consumption off-trade 30%	30%	30%	31%	31%	32,5%	+2,5%
Average consumer price in on-trade (1 litre, including taxes; in Euro)	6,00	6,60	6,60	6,85	7,04	+17,3%
Average consumer price in off-trade (1 litre, including taxes; in Euro)	1,56	1,72	1,72	1,78	1,84	+18,3%

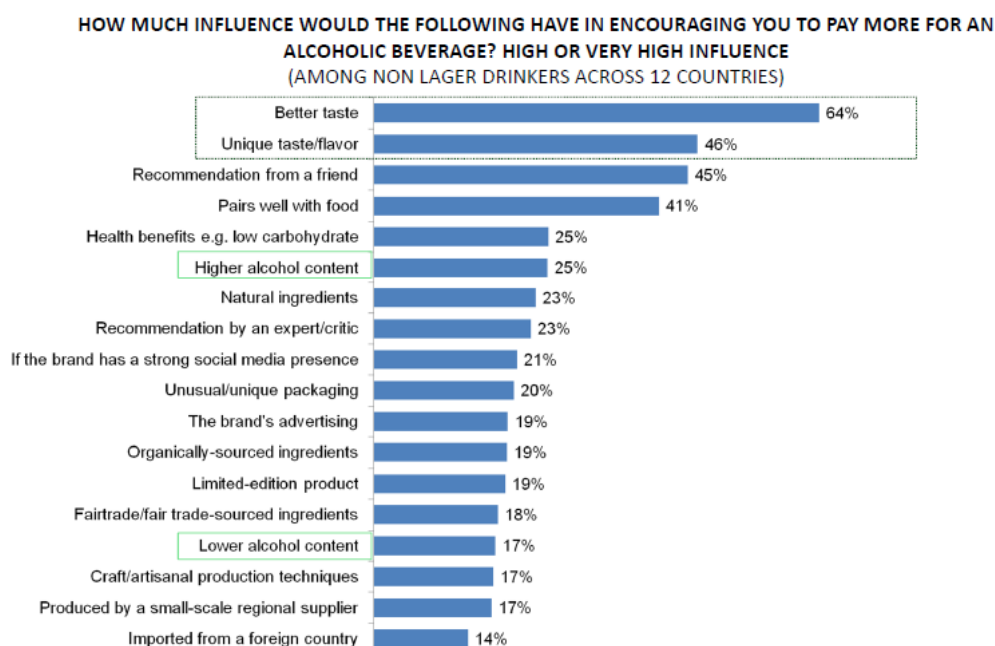
Source: Portuguese Association of Beer Producers , *The Contribution made by Beer to the European Economy*, at EY REGIOPLAN & The Brewers of Europe 2013, viewed 26 October 2014, <[http://www.ey.com/Publication/vwLUAssets/EY__The_Contribution_made_by_Beer_to_the_European_Economy/\\$FILE/EY-The-Contribution-made-by-Beer-to-the-European-Economy.pdf](http://www.ey.com/Publication/vwLUAssets/EY__The_Contribution_made_by_Beer_to_the_European_Economy/$FILE/EY-The-Contribution-made-by-Beer-to-the-European-Economy.pdf)>

Exhibit 9 – Consumption of Non-alcoholic Beverages in Portugal (in millions of liters)

	2009	2010	2011	2012	Δ2009-2012	2013	Δ2009-2013
Bottled water <10lt	1280,1	1346,6	1305,6	1221,7	-4,6%	1318,2	3,0%
Bottled water >10lt	83,8	84,8	83,6	69,4	-17,2%	71,3	-14,9%
Fruit juices	27,6	26,9	24,0	22,8	-17,4%	20,1	-27,2%
Nectars	86,1	89,2	81,4	78,8	-8,5%	83,9	-2,6%
Syrups and concentrated beverages	19,5	20,9	21,9	22,6	15,9%	23,1	18,5%
Powder beverages	23,0	22,6	22,3	22,3	-3,0%	21,7	-5,7%
Carbonated soft drinks	446,5	442,6	407,6	367,9	-17,6%	369,5	-17,2%
Non-carbonated soft drinks	155,8	147,6	125,1	99,6	-36,0%	101,6	-34,8%
Tea /Coffee	226,9	256,2	258,9	225,6	-0,6%	212,1	-6,5%
Sport beverages	4,5	3,4	2,8	2,1	-53,3%	1,7	-62,2%
Energizing drinks	4,4	4,5	4,7	4,5	2,27%	4,3	-2,3%

Source: Canadean at Proebo , viewed 26 October 2014 < <http://probeb.pt/conteudo/Mercado-e-estat%C3%ADsticas/-/47> >

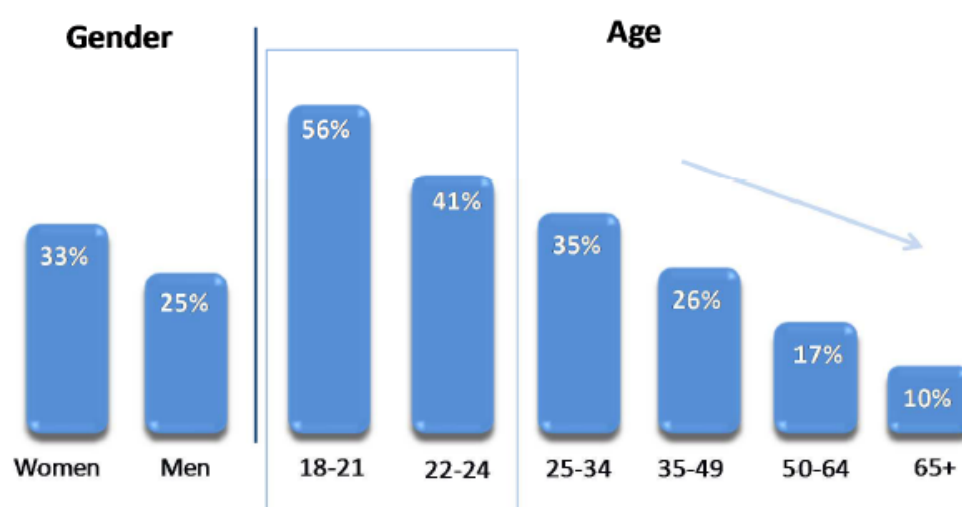
Exhibit 10: Influence in encouraging to pay more for an alcoholic beverage



Source: Datamonitor Consumer Survey May/June 2011, Base: drinkers aged LDA-24, provided by Unicer at *Somersby Launch Case*

Exhibit 11: Experimentation in alcohol with flavours and mixes

I ENJOY EXPERIMENTING WITH DIFFERENT ALCOHOLIC BEVERAGE FLAVORS AND MIXES,
% DRINKERS STRONGLY AGREE OR TEND TO AGREE
(AMONG NON LAGER DRINKERS ACROSS 12 COUNTRIES)



Source: Datamonitor Consumer Survey May/June 2011, Base: all non-lager drinkers, provided by Unicer at *Somersby Launch Case*

TEACHING NOTE

Introduction

“Somersby: A Communication Strategy to Reach Young Consumers” case was prepared by Ana Fernandes under the supervision of Professor Paulo Gonçalves Marcos. It should be used as a basis for class discussion and not in any way as an example of effective or ineffective management practices, source of primary data or company endorsement.

This case was written based on real facts and actual experiences, nevertheless the data in this case has been disguised in order to preserve confidentiality, though keeping the essential facts and relationships intact.

This case is composed by two main components: the case study that should be made available to students and the Teaching Note that aims to help instructors in the conduction of the class discussion.

Further, this case has two additional supplements in Excel format:

- **Somersby Case Data:** contains the data that figures in Exhibits 1, 3, 4 and 5 of the case. This document can be made available for students in order to help them when analyzing the case;
- **Somersby TN Data:** contains data-based calculations and explanations and should be used as a support to the analysis of question 3 c). This document is restricted to instructors.

Synopsis

Unicer is the largest Portuguese soft drinks company with a multi-brand, multi-market strategy with its main operations in the beer and bottled water businesses. In 2010, the company was faced with the challenge of recruiting young adults consumers since it was not being capable of reaching this target with their existing products, namely their beer brand - Super Bock. In 2011, Unicer launched Somersby in Portugal - a Carlsberg brand of cider destined to target this young audience.

Afonso Campos, at that time was in the wine category marketing team but decided to accept the challenge of launching this new product in the Portuguese market. The first and seconds years were considered as trials since the brand was put in the markets using very low

communication budgets. In this way the marketing team decided to use POS communication materials and events to promote the brand in its early years.

In 2013, faced with the urgency of showing some quantitative results to the board of directors, Afonso Campos, the Marketing Senior Vice President responsible for Somersby, was faced with the decision of whether to allocate the communication budget of the brand given the possibility of start investing in television advertisement.

The case presents the Portuguese market environment for Somersby, its target consumers, as well as its main competitors. Further it illustrates the above and below the line set of options analyzed by Afonso Campos in order to make an optimal decision regarding the future of Somersby's communication strategy.

Suggested Assignment Questions

After reading the case study, students are expected to answer the following questions in order to discuss it in class.

1) Market Analysis & Product Portfolio:

- a) Quantify as precisely as possible the Portuguese market for cider in 2013.

Hint: Consider Campos's approach for the calculations.

- b) Compare it with the Portuguese beer market and briefly discuss the results obtained considering Unicer's product portfolio. Taking into account your previous answer, do you consider what the board of directors is asking as fair?

Hint: Use BCG framework to classify Somersby as well as possibly other Unicer's product(s).

2) Competition

- a. Discuss the competition levels of Somersby.
- b. Considering Somersby current stage in the product life cycle, to which competition level should management give more focus?

3) Communication Strategy

- a) Define the concepts of above and below the line communication giving examples previously adopted in the communication campaigns of well-known companies for each one.
- b) How would you advice Afonso Campos in regards to the future communication strategy of the brand? Justify your answer through analyzing the pros and cons of each alternative.
- c) Considering the data available in the case study compare the two alternatives in terms of reach and associated costs. Would your advice continue the same?

Note: Please consider that Somersby will invest in a 20 to 30 seconds TV advertisement 4 times a year, with 3 weeks of duration. The number of times per day should be more than 3. Further, as Somersby is an alcoholic beverage, its ads can only be on TV during prime time (meaning after 22:00p.m⁷).

Teaching Objectives

The teaching objectives for this Case Study are the following:

1. To demonstrate the importance of market and competitions analysis.
2. To help students understanding the strategic decisions regarding communication strategy;
3. To explore the conflict goals and tools between above the line and below the line communication;
4. To illustrate the strategic considerations an organization might have when deciding how to define competition;
5. To familiarize students with communication alternatives, namely event marketing, word of mouth and guerilla marketing;
6. To provide an exercise in terms of communication measurement tools.

⁷ Information provided by Unicer

Use of the Case

This Case Study may be used as a pedagogical tool at undergraduate level, in fields such as general marketing and/or communication. Further it is also an adequate tool for graduate specialized courses such as Communication Strategy, Communication Techniques or Event Marketing.

The proposed question should encourage discussion among students and instructor in subjects related to communication strategic decisions, budgeting in advertisement, event marketing, guerrilla marketing. Other general marketing subjects can be covered such as competition analysis, new product advertisement or market definition.

Relevant Theory

Some additional readings may be useful to enrich students study and to help them solving the case.

1. Lehmann , DR & Winer, RS, 2008, “Analysis for Marketing Planning”, Mc Graw Hill International Edition.
2. Kotler, P. & Keller, KL., 2012 *Marketing Management*, 14th Edn, Pearson Education, Upper Saddle River, New Jersey
3. Wong, HY Radel. K. & Ramsaran-Fowdar, R, 2011, “Marketing Objectives and Strategy Formulation”, *Building a Marketing Plan*, by Business Express Press, chap. 5
4. Keinan, A & Avery, J, 2008, “Understanding Brands” by Harvard Business School
5. Dye, R, November- December 2000, “The Buzz on Buzz” , *Harvard Business Review*, by the Presidents and Fellows of Harvard College
6. Wood, EH, “Evaluating Event Marketing: Experience or Outcome?”, *Journal of Promotion Management* 15:247-268, 2009, *Leeds Management University, Leeds, England*

Additionally, in order to better understand the case and to be better prepared for its assignment questions, students should consider the following concepts and frameworks:

1. Product Portfolio and Product Lines Decision

a. Brand Associations and Strategy

Two types of brand associations form the building blocks of consumers' brand knowledge. Tangible brand associations are related to the product's actual performance and its functional purpose. Intangible brands associations stress the extrinsic value of the product to the consumer and tend to be more imaginary-related and abstract⁸. Brand associations generate cognitive and emotional bonds with consumers. In this way, brands are used by consumers as identity markers, props to construct and maintain their identities⁹. The products people use or consume make them who they are, as the associations the brand transmits will make consumers want or reject the products of the brand.

Hence marketing strategy must consider the following implications:

- Understand the target consumers' needs and its aspirational aims, meaning who they would like to become; shape the brand to deliver the message the target wants in order to achieve this aspirational identity.
- Some consumers buy the product for its meaning rather than for the product itself. The symbolic value of brands often outweighs the functional or utilitarian value to consumers¹⁰. In this way brands need to be able to create a symbolic value for customers and to manage it carefully so that to meet the target expectations.
- It is essential to create a strong brand personality, as this will allow consumers to easily identify the brand.
- The identity of the brand should not be changed as the associations that go along with it may change to. Extending the brand to target a new market may be dangerous if it jeopardizes valuable identity meanings that current consumers are using¹¹.

⁸ Keinan, A & Avery, J, 2008, "Understanding Brands" by Harvard Business School, pp.. 2

⁹ Ibid, pp. 3

¹⁰ Ibid, p. 4

¹¹ Ibid, pp. 4

Brands can also work as *social glue*¹² as people who buy the same brand tend to create bonds with others that share the same product preferences. Our consumption of brands helps us achieving social integration when we purchase and use brands that are socially desirable in a group we want to join¹³. In this way brand communities have the power to quickly spread either positive or negative messages about the brand and/or product since consumers are networked between them. Further, these connections would tendentiously increase brand loyalty as it enhances consumer's connections with the brand.

b. BCG Framework

The BCG framework is a useful tool to develop marketing objectives. As profits may not be always the best quota for accessing product portfolio performance, cash flows may be a more appropriate measure. The BCG matrix classifies an organization's business units according to its cash usage and it cash generation using market growth and relative market share¹⁴.

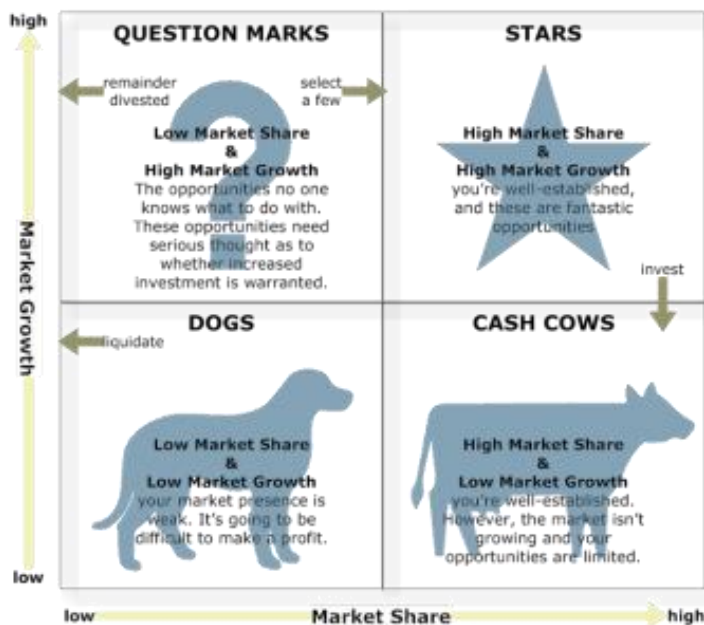


Figure 6: Boston Consulting Group product portfolio matrix

Source: JT Hawes Consulting, viewed 1st December at available at <http://www.jthawes.com/BCGmatrix.html>

¹² Keinan, A & Avery, J, 2008, "Understanding Brands" by Harvard Business School, pp. 4

¹³ Ibid

¹⁴Wong, H. Y., Radel. K. & Ramsaran-Fowdar, R, 2011, "Marketing Objectives and Strategy Formulation", Building a Marketing Plan, by Business Express Press, chap. 5, pp. 62

In this way the following interpretation of the framework should be considered:

- **Stars:** have great potential to generate cash but they are expensive to maintain in this position since they require huge investment in promotion, research and development and fixed and operating costs.
- **Cash cows:** have an establish market and good cash generation. Typically they are market leaders. These brands have little additional potential growth and do not require significant cash to maintain that position.
- **Question marks:** have not yet achieved a dominant market position; although they have high growth potential, they need to use a great deal of cash to push them into a star category. Those brands may be unpredictable in the market.
- **Dogs:** usually have little future. Its market share is low as is its growth potential. They are consuming the company's resources and giving no results. It is important to analyze the possibility of divest or delete these brands from the product portfolio of the company.

Objectives and strategies for the BCG Matrix

The locations on the BCG matrix suggest a number of strategic options¹⁵:

- **Starts: Invest for Growth**

While star product may require more costs to maintain market leadership, brands in this quarter suggest that additional investment should be a priority. Those investments can be in the form of promotional activities, market research, developing distribution networks, or further R&D. Marketing programs for star products should be aggressive with high-level selling, advertisement, pricing and sales promotion activities¹⁶.

- **Question marks: Opportunistic Development**

Those products should be targeted for selective investment. Products in this quadrant show that the organization has strength in this category but the market is not a high-growth area¹⁷. These products can move to the star quadrant if correctly managed; they need investment in order not to fall to the dog's quadrant. This category requires the

¹⁵ Wong, H. Y., Radel. K. & Ramsaran-Fowdar, R, 2011, "Marketing Objectives and Strategy Formulation", Building a Marketing Plan, by Business Express Press, chap. 5, pp. 66

¹⁶ Ibid

¹⁷ Ibid, pp. 67

identification of the niche target market and implementation of promotion activities to reach them.

- **Cash cows: Manage for Earnings**

These brand need careful management, meaning selective investment, in order to maintain their position. This is an attractive market, as the organization has a high relative market share and therefore a great deal of business strengths¹⁸. The market may be in the maturity stage of the product life cycle, meaning that with more investment it is possible to attain more growth. Marketing strategies should be focused in maintaining market share by promoting and expanding successful product lines. Promotional campaigns should give emphasis to differentiation and continue to increase brand awareness and customer loyalty as prices should be kept stable with periodic promotional activities.

- **Dogs: Harvest or Divest**

They should have a similar treatment as cash cows. The low market growth opportunities are recognized and products are selectively harvested or sold to smaller businesses as niche market products¹⁹. Those brands can still achieve triumph if they successfully identify and exploit niche growth market segments and are able to improve production and/or distribution in order to save costs. It can be wise to decrease marketing expenditures with this category and consider deleting those products from the company product portfolio.

2. Competition

a. Levels of market Competition

One way to delineate the set of competitors facing a brand is to consider the proximity of the products to the physical attributes of the product in question²⁰. In this way, Lehmann and Winer proposed to view the problem of defining competition as a set of concentric circles

¹⁸ Wong, HY, Radel. K. & Ramsaran-Fowdar, R, 2011, "Marketing Objectives and Strategy Formulation", Building a Marketing Plan, by Business Express Press, chap. 5, pp. 66

¹⁹ Ibid

²⁰ Lehmann , DR & Winer, RS, 2008, "Analysis for Marketing Planning", Mc Graw Hill International Edition. pp. 33

with the product (or brand) in question at the center. Hence, in *Analysis for Marketing Planning*, four categories are defined as corresponding to different levels of competition:

- *Product Form* is the narrowest perspective and it refers to competitor brand that target the same consumers. The products considered to this level of competition are only those that “look” the same as the product in question.
- *Product Category* is the second level and refers those products that have similar features; it is what commonly managers think as the industry.
- The third level is *Generic Competition* and comprises substitutable products, meaning products that satisfy the same customer needs. This need-based perspective is essential if a manager wishes to avoid both overlooking threats and ignoring opportunities²¹.
- The final level is *Budget Competition*; it considers all products that compete for the same customer dollar. Hence, it implies a huge number of competitors making it hard to conceptualize.

A critical difference between generically defined competitors and either *Product Form* or *Product Category* competition is that the former is outward oriented, while the latter two are inward.²² In this way, while the two categories refer to products that are similar to those the company produces, *Generic Competitors* look outside the firms to the customers.

In terms of product strategy, the different levels proposed should be taken into consideration. In this way, at the *Product Form* level, there are no specific tasks that should be applied. However, as we get far from the center of the circle, managers should consider some actions so that a product can reach success. In the *Product Category* level there is the need to convince customers that the product form is the best within the product category. At the *Generic Competition* level, managers should also be able to transmit to customers that the benefit delivered by their product is superior to the one provided by competition. This last case has proven to be critically important when a new product is introduced in the market.

It is also important to note that as one moves from *Product Form* toward *Budget Competition*, customer targets also begin to change.²³ Hence, *Product Form* competitors' products target exactly the same customers in terms of their identity and reasons to buy the

²¹ Lehmann, DR & Winer, RS, 2008, “Analysis for Marketing Planning”, Mc Graw Hill International Edition. pp.. 36

²² Ibid pp. 37

²³ Ibid. pp. 41

product. Nevertheless, it does not necessarily mean that the place and moment of consumption are the same. As the company get far away from the center of the circle, the identity and reason to buy the product of the customers start to differ since the need to be satisfied become more broad.

b. Competitor Selection

As an implication of the four levels of competition, there is the need for marketing managers to select a competitor focus since the resources are scarce. In this way, Lehmann and Winer proposed three factors that managers should analyze in order to best decide which competitors to focus:

- The time horizon of the marketing plan being developed;
- The stage of the product life cycle that is relevant for the product;
- The rate of technological change that is associated with the product.

Usually in the short term analysis, marketing managers tend to focus primarily on *Product Form* competitors and only secondarily look for the other levels. As the *Product Form* comprises all brands that compete on a daily basis with the product it is therefore essential that managers are aware of their customers, competitors and the effects of environmental changes. The selection of other competitors in the *Product Category* or *Generic* group is a judgment call based on where the manager sees potential growth opportunities or whether a category or a generic competitor is attacking the product form. For long-term plans, all four levels of competition are relevant, with special emphasis placed on the generic level to identify important competition threats²⁴. Hence for new products launch it is adequate to broadly define the competition since the aim is to convince customers to substitute another product that was satisfying their need for this new one.

3. Advertisement Techniques

a. Above the line advertisement

Above the line techniques uses mass media to promote products. Usually it refers traditional marketing channels that strive to reach a mass audience. Above the line advertising

²⁴ Lehmann , DR & Winer, RS, 2008, “Analysis for Marketing Planning”, Mc Graw Hill International Edition. pp. 55

usually focus on reaching a broad population. For examples of above the lines channels see TN Exhibit 1.

b. Below the line advertisement

Below the line techniques uses non-traditional channels of communication to reach targeted consumers. Below the line advertisement is usually targeted and customer-centered. For examples of below the lines channels see TN Exhibit 1.

c. Choosing the right media

In the last years new types of media have been appearing, making the decision of which one to use to promote a brand more and more difficult. The main advantage on nontraditional media is that they can often reach a very precise and captive audience in a cost-effective manner. (...) The challenge for nontraditional media is demonstrating its reach and effectiveness through credible, independent research. Consumers must be favorably affected in some way to justify market expenditures²⁵.

The media planner must search for the most cost-effective vehicles within each chosen media type²⁶. Further, he needs to consider the brand goals in order to select the adequate type of media to use.

d. Measuring media exposure

GRP – Gross Rating Points

GRP is the total number of exposures. $GRP = R \times F$. Here some definitions are important in order to better understand the concept:

- **Reach (R):** The number of different persons or households exposed to a particular media schedule at least once during a specified period of time.
- **Frequency (F):** The number of time within the specified time period that an average person or household is exposed to the message.
- **Impact (I):** The qualitative value of an exposure through a given medium.²⁷

²⁵ Kotler, P. & Keller, KL., 2012 Marketing Management, 14th Edn, Pearson Education, Upper Saddle River, New Jersey, pp.. 538

²⁶ Ibid, pp.. 539

²⁷ Ibid pp.. 534

In this way we verify that GRP allows for the duplication of exposures which also means that it is possible to have a GRP higher than 100%

e. Word of Mouth

Word of mouth is the process of telling people you know about a particular product or service, usually because you think it is good and want to encourage them to try it²⁸.

Positive word of mouth sometimes happens organically with little advertising, but it can also be managed and facilitated²⁹. Word of mouth can be boosted by using some types of social media such as blogs, online communities and forums and social networks (e.g. Facebook, Twitter, etc.).

There are two forms of word of mouth: buzz and viral marketing. Buzz marketing generates excitement, creates publicity, and conveys new relevant brand-related information through unexpected or even outrageous means³⁰. Viral marketing is another form of word of mouth, or “word of mouse,” that encourages consumers to pass along company-developed products and services or audio, video, or written information to others online³¹. Buzz marketing can be an extremely powerful tool as it combines positive experiences of customers. When those experiences are favorable, the recommendations can snowball, resulting in runaway success³². In this way any industry can benefit from buzz, but products need to be unique in some respect in order to be successful “buzzed”. Further buzz need to be incentivized by the company, in the way that it does not simple “happens”. In this way, a product that is not accessible for everybody is more likely to be victim of buzz, as people

²⁸ “Word of mouth”, Cambridge Dictionaries Online, viewed 1st December 2014, available at <http://dictionary.cambridge.org/dictionary/business-english/word-of-mouth>

²⁹ Kozinets, RV, Valck, K, Wojnicki, AC & Wilner, SJS “NetworkedNarratives: Understanding Word-of-Mouth Marketing in Online Communities,” *Journal of Marketing* 74, March 2010, pp. 71–89; Godes, D & Mayzlin, D, “Firm-Created Word-of-Mouth Communication: Evidence from a Field Test,” *Marketing Science* 28, July–August 2009, pp. 721–39. in Kotler, P. & Keller, KL., 2012 *Marketing Management*, 14th Edn, Pearson Education, Upper Saddle River, New Jersey, pp. 546

³⁰ Rosen, E “The Anatomy of Buzz” *New York: Currency*, 2000, in Kotler, P. & Keller, KL., 2012 *Marketing Management*, 14th Edn, Pearson Education, Upper Saddle River, New Jersey, pp. 572

³¹ Adamson, A “No Contest: Twitter and Facebook Can Both Play a Role in Branding,” available at www.forbes.com, May 6, 2009, in Kotler, P. & Keller, KL., 2012 *Marketing Management*, 14th Edn, Pearson Education, Upper Saddle River, New Jersey, pp. 572

³² Dye, R, November- December 2000, “The Buzz on Buzz” , *Harvard Business Review*, by the Presidents and Fellows of Harvard College, pp. 139

often wants what they-or-others can't have³³. Finally buzz does not need the media or any type of previous advertisement to be spread. While the media and advertisement can help fan the flames of buzz, involving them too early can undermine buzz. Indeed the vanguard will often reject a heavily promoted product that it otherwise would have embraced merely because of overexposure³⁴. Therefore in order to generate positive buzz, consumers shouldn't be besieged with advertisement, rather some consumer-to-consumer forms of communication can be used to make them talk positively about the product.

Further, also opinion leaders are a strong and effective way to create positive word of mouth about a brand or product. Companies can stimulate personal influence channels to work on their behalf³⁵. It is possible for a brand to select some people considered as influent, who have the power to persuade other people so that they influence in a positive way the target consumers of the brand.

Word of mouth is hard to measure mainly if it occurs offline. Nevertheless for online word of mouth there are some techniques such as proxies or cookies that can help companies to monitor the presence and word of mouth of the brand in blogs, social networks or communities.

f. Event Marketing

Event Marketing is defined by Shimp (1999) as the “practice of promoting the interests of an organization and its brands by associating the organization with a special activity”³⁶. Schmitt (1999) stated that event marketing is a tool for experiential marketing that focuses on consumer experiences, and treats emotionally and rationally driven consumption as a holistic experience³⁷. Further, Pope and Vogues (2000) defended that communicating through events involves promotional activities designed to communicate with attendees and add value to the consumption experience; events provide an opportunity to engage the

³³ Dye, R, November- December 2000, “The Buzz on Buzz” , Harvard Business Review, by the Presidents and Fellows of Harvard College, pp. 142

³⁴ Ibid, pp.146

³⁵ Kotler, P. & Keller, KL., 2012 Marketing Management, 14th Edn, Pearson Education, Upper Saddle River, New Jersey, pp. 551

³⁶ Close, AG, Finney, RZ, Lacey, RZ & Sneath, JZ, “Engaging the Consumer through Event Marketing: Linking Attendees with the Sponsor, Community and Brand”, *Journal of Advertising Research*, December 2006, pp.421

³⁷ Ibid pp. 420

consumer with a company, its brands, and the community. Events create a social setting for attendees and help raise attendees' involvement level; therefore, attendees are apt to be more receptive to marketing messages and images associated with the event that they are to those presented via other methods³⁸. See TN Exhibit 2 for examples of event marketing.

In order to be effective, event marketing should be able to provide the right level of stimulation to the target audience. The event must strive to create a “flowstate experience”³⁹. Wood & Masterman (2007) identified seven event attributes (the 7 “I”s) which enhance the event experience⁴⁰:

- *Involvement*: an emotional involvement with the brand, the event, the experience;
- *Interaction*: with brand ambassadors, with other attendees, with exhibits, with the brand;
- *Immersion*: of all senses, isolated from other messages;
- *Intensity*: memorable, high impact;
- *Individuality*: unique, one-to-one opportunities, customization. Each experience is different;
- *Innovation*: creative in content, location, timing audience, for example;
- *Integrity*: seen as genuine and authentic and providing real benefits and value to the consumer.

A brand that decides to promote its products using event marketing needs to be able to reach its target audience through the event. In this way, events become an end in itself through hedonic participation of the target audience in the marketing communications of the organization/ brand. (...) The marketing event becomes a product in its own right, rather than merely a promotional tool⁴¹. In this way event marketing appears as a need for novelty in terms of advertisement. Consumers are more and more demanding for new experiences, competition is increasing and there is a huge for brands to promote its products using alternatives ways of communication.

³⁸Close, AG, Finney, RZ, Lacey, RZ & Sneath, JZ, “Engaging the Consumer through Event Marketing: Linking Attendees with the Sponsor, Community and Brand”, *Journal of Advertising Research*, December 2006, pp 420

³⁹ Wood, EH, “Evaluating Event Marketing: Experience or Outcome?”, *Journal of Promotion Management* 15:247-268, 2009, Leeds Management University, Leeds, England, pp. 250

⁴⁰ Ibid, pp. 251

⁴¹ Ibid, pp. 252

While event marketing may be used to accomplish short-term goals (Bacigalupo, 1996), it is particularly effective when the objective is to enhance corporate identity, awareness, equity, and/or image (Brown & Dacin, 1997, *Meenaghan, 1991*)⁴².

Though it can be a very effective method of advertising, event marketing is difficult to measure in terms of results. Throughout the years a wide range of studies were conducted to infer about possible measurement tools.

g. Guerilla Marketing

Jay Conrad Levison is the author of the concept of Guerilla Marketing. He defines the concept as "I'm referring to the soul and essence of guerrilla marketing which remain as always - achieving conventional goals, such as profits and joy, with unconventional methods, such as investing energy instead of money."⁴³ In this way, guerilla marketing is a form of marketing communication with low budget. This type of advertisement is usually used by small companies with low level of communication resources that want to create great impact and reach its target market.

Class Analysis and Discussion

This case was prepared to be discussed in a 90 minutes class. In this way the following timeline is recommended for teaching this case:

Question 1 a)	Market Analysis	10 minutes
Question 1 b)	Product Portfolio	10 minutes
Question 2 a)	Competition	15 minutes
Question 2 b)	Competition	10 minutes
Question 3 a)	Communication Strategy	10 minutes
Question 3 b)	Communication Strategy	15 minutes
Question 3 c)	Communication Strategy	20 minutes

⁴² Sneath, JZ, Finney, RZ & Close, AG, "An IMC Approach to Event Marketing: The Effects of Sponsorship and Experience on Customer Attitudes", *Journal of Advertising Research*, December 2005.

⁴³ Levinson, JC , "What is Guerrilla Marketing", viewed 2nd December 2014, available at <http://www.gmarketing.com/articles/4-what-is-guerrilla-marketing>

The following discussion is proposed:

Question 1:

a) Quantify as precisely as possible the Portuguese market for cider in 2013.

The Unicer approach mentioned in the case should be used by students here. Hence a very simple formula should be applied to the data present in Exhibit 6.

$$\text{Total Market} = \text{Target Consumers} \times \text{Frequency} \times \text{Volume per Occasion}$$

Students are expected to state that the number of possible target consumers (young adults) would be 1,11M by multiplying the penetration rate to the number of total alcoholic beverage consumers (values given in Exhibit 6). Further, considering the information provided in Exhibit 2 and applying the formula above, students should reach the value of approximately 13M of liters for the possible market of cider in 2013.

$$1,11 \text{ M} \times 3 \times 12 \times 0,33 \approx 13,2 \text{ M}$$

b) Compare it with the Portuguese beer market and briefly discuss the results obtained considering Unicer's product portfolio. Taking into account your previous answer, do you consider what the board of directors is asking as fair?

In order to answer this part of the question, students should consider the relevant theory on product portfolio, namely brand strategy. Further, students need to be familiar with the BCG framework.

Looking to the values of the beer market (Exhibit 8), 492,7 M of liters were consumed in 2012. In this way we see that the total cider market would represent approximately 2,7% of the beer market.

As Unicer's core business is beer, with the brand Super Bock. Those values help students to understand the urgency and need of Afonso Campos to present some numbers.

Here students should argue that considering the Boston Consulting Group product portfolio matrix, Somersby could be seen as a question mark. The brand has not yet achieved a dominant market position but has a high growth potential. Further students should state that this type of product needs selective investment since the company has proven to have strength in this category although the market is not high-growth. Students can finish by saying that the

type of advertisement the company should follow is in line with what they have been doing: identification of emerging market segments and target promotion activities to pursue.

Students could also detail on other products of the company namely its beer. Super Bock is said in the case as the core brand of the company. In this way students are able to infer that the brand should be perceived as a cash cow within Unicer product portfolio, since it has an establish market and provides high levels of cash to the company. Further the brand is a market leader in Portugal.

There is no need for further development regarding other Unicer's products.

Finally students might conclude that, given the previous reflection, the demand of the board of directors makes sense in the way that Somersby development depends strongly on the type of investment the company will do on the brand. With correct investment it can be pushed to the star category; nevertheless if the investment done is not adequate, the brand can fall into the dog quadrant and start representing a sunk cost for the Unicer. Given the possibility of internalizing the production, the company needs to be sure about the impact of its investment in the brand.

Question 2:

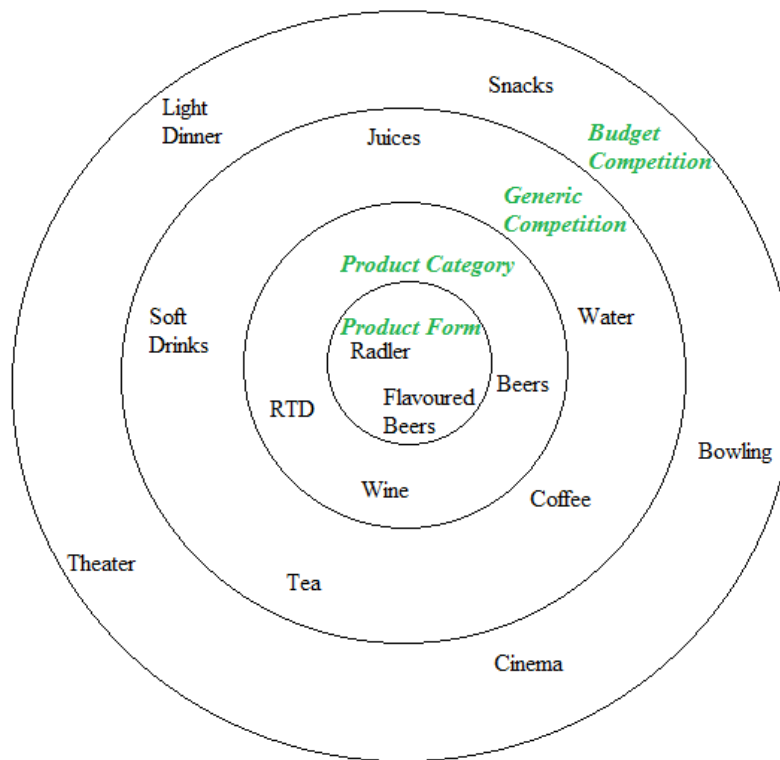
a. Discuss the competition levels of Somersby.

In this question students should be able to classify Somersby competition into four levels using the approach of Lehmann & Winer:

- Product Form: brands that appeal to similar consumers;
- Product Category: products with the same features;
- Generic Competition: products fulfilling the same customer need;
- Budget Competition: products competing for the same customer budget.

For this purpose, students should take into account the relevant theory as well as the information provided in the case-study concerning Somersby's competitors and moments of consumption.

In this way, the following proposed scenario would be an adequate answer:



Note: The previous picture does not represent an exhaustive list of the possible answers.

In the Product Form circle, products with the same characteristics of Somersby are considered, namely Sagres Radler (it's direct competitor) and other flavored beers with low alcoholic content. Hence we can say that Product Form competition includes other light beverages with low alcoholic content. Moving to the Product Category Competition we observe some other alcoholic beverages that can be consumed at the same moments of Somersby: wine, beers and ready-to-drink beverages (cocktails). The third level, Generic Competition presents other beverages in general, from juices to coffee. As we get far from the center of the circle the competition becomes more generic. Finally, Budget Competitors are products or services that compete for the same customer's budget. Taking into account the moment of consumption of Somersby, possible competitors could be cinema, light snacks or diner, bowling, etc.

It is therefore important to note that, as we move from Product Form to Budget Competition, the target of the product is increasingly changing. We start with the young adults target, expanding it to adults, then broaden it to everyone.

b. Considering Somersby current stage in the product life cycle, to which competition level should management give more focus?

The stage of product life cycle can be relevant when defining competition since the breath of view of the industry varies over time.

In the early growth stage of the product competition must be broadly defined, meaning generic competition must be analyzed carefully. This should be done because the marketing task, in a first stage should be to convince consumers to switch from products that were previously satisfying their needs to the consumption of a new unknown product. Hence, managers should be able to convince customers that their product is better so satisfy a need that had been previously satisfied by other products.

Here, as Somersby strategy was to stress from the very beginning that the moment of consumption was pre-night and the local of consumption were bars and pubs it is therefore admissible that students state management should focus on Product Category competition. Given the moment and local of consumption chosen from the brand, those competitors are the ones that represent a bigger threat for Unicer.

Question 3

a) Define the concepts of above and below the line communication giving examples previously adopted in the communication campaigns of well-known companies for each one.

To answer this part of the question, students must take into account the relevant theory on advertising techniques as well as their personal knowledge about the market.

Above the line (ATL) communication is where mass media is used. These include conventional media such as television, radio and print. Usually ABT communication is targeted to a wider spread of audience being focused on the mass consumer.

Below the line (BTL) communication uses non media forms to promote the brand or product. Examples of BTL communication are event marketing, sponsoring, sampling, e-mail campaigns, etc. Typically BTL advertisement is used to reach specific target consumers.

Coca-Cola has some past examples of BTL communication. The “Happiness Machine” campaign is a good example; the brand placed groundbreaking machines in schools, universities and other public spaces. Instead of asking for a coin and delivering a beverage, as it was expected, the machines gave gifts for free, spreading happiness. Further Red Bull is also a brand that knows how to use BTL techniques in order to increase its product consumption. For example the brand sponsors the *Red Bull Air Race*, *Red Bull Cliff Diving* and organizes *Red Bull Flugtag* in several countries. By promoting this “in the edge” events, the brand is able to transmit its personality and to boost brand awareness.

In terms of ATL communication, Ferrero Rocher has a well-known television campaign with the *Lady* and her butler. This is a very traditional chocolate brand that uses TV advertisement to increase sales during the winter as its chocolates are not sold in the summer. MacDonalds also uses TV advertisement to promote its new products and promotions. The brand aims to maintain customers’ awareness and to boost the emotional connection with the brand.

Noting that brands can do different type of advertisement at the same time, so it is possible that the same brand can provide examples for the two scenarios asked.

Other examples could be accepted in this question.

b) How would you advice Afonso Campos in regards to the future communication strategy of the brand? Justify your answer through analyzing the pros and cons of each alternative.

In this part of the question students are expected to use the relevant theory on advertising techniques as well as the information provided in the case-study regarding Somersby possible communication strategies.

In order to properly advice Afonso Campos in regards to the brand future communication strategy, students should begin by developing a pros and cons analysis for each alternative.

Starting with the below the line techniques presented in the case, students might mention some of the following points:

PROS	CONS
Strategy in line with what was done previously by the brand and the brand image; less confusing for customers.	Not easily measurable.
Technique that is increasingly used as consumers are looking for novelty and new experiences related to the brands.	Word of mouth cannot be controlled by the company. There is the risk of spreading negative word of mouth.
Low budget requirements.	The audience is limited. Events cannot reach all targeted consumers of the product as it occur in specific places – geographic limitation.
Allows product tasting.	-

Further, in what concerns the above the line advertisement techniques mentioned in the case, students might mention:

PROS	CONS
Can be measured using GRP's and /or impact in the viewers.	More expensive since it incorporates production and media costs, which are very high.
Possibility of higher impact: can reach more people from the target segment – higher visibility due to mass coverage.	More difficult to target only the pretended segment: the company cannot totally control who assists the ad.
Higher visual impact as it performs image, sound and motion; easily remembered.	Possibility of losing the sense of exclusivity associated with the brand.
-	Possibility of losing brand identity and deterioration of brand image

Taking into account both pros and cons of each alternative, student must give a justified argumentative answer.

c) Considering the data available in the case study compare the two alternatives in terms of reach and associated costs. Would your advice continue the same?

For answering this part of the question, students must look to Exhibits 1, 2, 3, 4 and 5. Some calculations and mathematical reasoning are expected.

In order to answer this question, students should compare only the TV campaign vs. the events planned for Somersby. In this way all the other means of communication (e.g.: POS actions, tasting actions, outdoors and some magazine advertisement) mentioned in the case should be ignored as we consider they would occur independently of the type of communication chosen.

Further is also not expected that students account for the word of mouth effect of the events. Hence, for the events reach they should base their calculations only on the effective number of people attending the events and the total liters of Somersby consumed.

In terms of **costs** the following analysis is possible:

Television:

Looking to Exhibit 4, we see the prices of advertisement per type for Fox channel. Students should make a critical analysis to infer the schedule of the Somersby advertisement. Concerning the type of target, and the prime time rules imposed, the most convenient time for the advertisement to run would be between 22:00pm and 01:00 am. In this way, and given the information provided in the question, students should use a 25 seconds advertisement as an estimative. They should then calculate the average price of running an advertisement in the schedule mentioned.

$$\text{Calculations: } (992,3 + 744,23) / 2 = 868,26$$

Further considering the data given in the questions the following calculations are expected:

$$\text{Calculations: } 868,26 \times 3\text{weeks} \times 7\text{days} \times 4\text{ times per year} \times 4\text{ times per day} = 291.736$$

Finally students need to consider that Somersby need to pay copyrights from the movie to Carlsberg Group, voiceover and song license in order to be able to use the commercial spot in Portugal (Exhibit 5).

By adding those values the total cost of advertising in television is:

TV	291.736
Copyrights	12.000
Voiceover	6.000
Song License	1.000
TOTAL COST in € (year)	310.736

Events:

Looking to Exhibit 3, we can see the events Somersby plans to organize, sponsor and/or participate in 2013 along with the associated estimated costs both in terms of merchandising and communication materials and sponsorship (when applicable). By summing the cost of communication material & samples and the cost of sponsorship when applicable students should reach a total cost for events of 211.700€.

Regarding **reach** we can observe the following:

Television:

In this question it is important that students are aware that:

$$GRP = Reach (\%) \times Average Frequency$$

Following this logic we have that:

$$Reach (\%) = GRP / Frequency.$$

Considering the information provided in Exhibit 2 of the case study, students should infer that the target population is around 1,11 M of people.

$$Calculations: 3,7 \times 30\% = 1,11 M$$

Further, looking to Exhibit 4 applying the GRP reach rate (24%) to the target population (1,11M) they should conclude Somersby will reach approximately 264.000 people with the TV advertisement.

Events:

Considering the Exhibit 3, it is possible to observe the volume (in liters) of Somersby expected to be consumed in each event. Hence, students are expected to calculate the estimated reach per event. The first step is to find out the total units of 0,15cl consumed by dividing the number of liters consumed by 0,15. Having reached those values the following formula should be applied: *units consumed / number of people attending the event*. It is important to note this is an approximate calculation; in this way, students should consider a maximum of 100% of reach per event. Students should use the percentages found previously and to multiply those values for the number of people attending each event and summing all the reaches. Here the value should be 272.718.

Considering the analysis of both costs and reach it is possible for students to calculate the ratio cost per reach. The following values should be obtained:

TV: 1,17

Events: 0,78

Looking to the findings, students should conclude that although television has a higher associated cost (310.736 vs. 211.700), its reach is also superior (264.000 vs. 272.718), as shown by the ration obtained (1,17 vs. 0,78). In this way, in quantitative terms, television is proven to be a more effective way of advertisement. Therefore, the advice for Afonso Campos should be to start investing in this mean of communication.

Further, taking into account the total 2013 marketing budget available for Somersby (Exhibit 1) of 400.000€, students are able to conclude that although both options stay within the budget available, by using events the brand would have a higher remaining budget to apply in other types of communication.

A possible and smart conclusion would also be for the brand to use both types of marketing techniques in smaller quantities in order to be aligned with the budget and to increase the total reach of the brand communication.

What happened in reality?

Considering the facts presented in the case study, Afonso Campos along with his team, decided to invest in a hybrid approach.

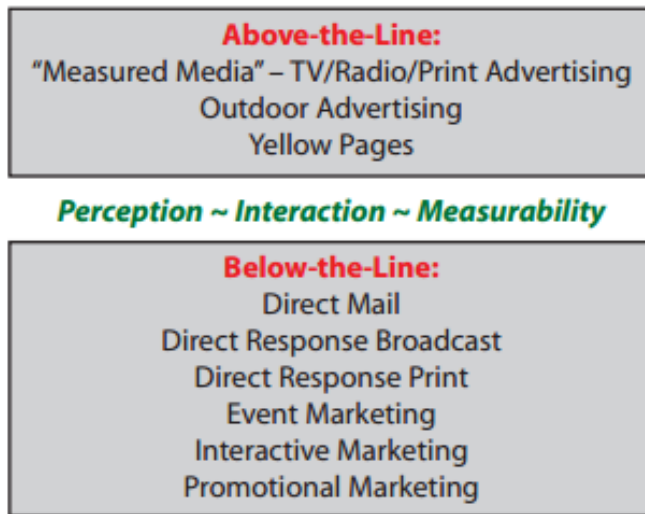
The brand continued organizing POS private parties with associated communication material. Further, the brand did an event for the opening of the summer: “Somersby Sunreal Party”. For this event celebrities and selected people were invited. This event allowed the creation of positive word of mouth as well as maintained the character of exclusivity associated with the brand. Further the party was released in multiple types of media, giving the brand increased visibility. In terms of below the line advertisement Somersby decided to sponsor some events intrinsically related to its target audience. Two of the events chosen were Meo OutJazz and Porto Sunday Sessions; the first one in Lisbon, the latest in Porto. By sponsoring those events, the brand was able to reach its target consumers, leading to the increase of the number of people trying and consuming the beverage.

In terms of ATL communication the brand established a partnership with the TV channel *Fox*. The channel was given exclusivity for the coverage of Somersby events and the brand was given advantageous conditions for transmitting its advertisement in the TV channel.

By using a “through the line” advertising strategy the brand was able not only to reach but to exceed its sales goal. In 2013 Somersby sold more than 900.000 liters, with perspectives of continuing growth in the horizon. The production of Somersby was internalized as a consequence of an adequate management of the brand communication strategy and goals.

Teaching Note Exhibits

TN Exhibit 1: Examples of Above and Below The Line Channels



Source: V 12 Group & Winterberry Group, "Tracking the Trends: A Comparison of above the line & below the line expenditures trends", A Sponsored Report from V 12 Group, January 2006, viewed 2nd December 2014, available at <http://myadpsyche.files.wordpress.com/2010/04/report-on-btl-marketing1.pdf>, pp. 5

TN Exhibit 2: Examples of Marketing Events

Incentive/reward events <i>Events offered as a bonus for achievements for internal staff, sales force, distributors, etc.</i>	Product launches <i>Creating an "occasion" around the development or improvement of a product. Aimed at the media, distribution chain or consumer</i>	Open days <i>Inviting employees, customers, partner, local community to activities hosted within the organization (e.g., Family fun days, factory tours).</i>
Conferences <i>Conferences, meetings and seminars can all be used as marketing communication vehicles.</i>	Product sampling <i>Creating the opportunity to try or experience a product or service. Often combined with product launch.</i>	Publicity events <i>Designed to gain maximum media exposure often through unusual or controversial activities linked to the product or brand.</i>
"Created" events <i>Developing an event often as a product in its own right to carry the brand values (e.g., Guinness' Witness Festival in Ireland and Coca-Cola's "Street Cred Games" in Scotland).</i>	Road shows <i>Mobile events which spread the brand message to different locations.</i>	Press conferences <i>Inviting the press to hear about some important or newsworthy development related to the company, product, brand, industry etc.</i>
Corporate entertainment <i>Using events to entertain, reward clients and partners. Ranging from golf days to theatre, safaris to paintballing.</i>	Exhibitions <i>Ranging from trade shows hosting a number of organizations to art exhibitions related to a specific brand (e.g., Nike's One Love photography exhibition linked to football sponsorship).</i>	Product visitor attractions <i>"Permanent" events developing involvement with the brand and often marketed as a product in their own right (e.g., Dewar's World of Whisky; Cadbury World; the Guinness Experience).</i>
Charity fundraisers <i>Linking event marketing and corporate social responsibility.</i>		Competitions/contests <i>An event created around some form of contest and linked to the brand (e.g., Red Bull's flying machines).</i>

Source: Wood, EH, "Evaluating Event Marketing: Experience or Outcome?", *Journal of Promotion Management* 15:247-268, 2009, Leeds Management University, Leeds, England, pp. 249